

STATE OF MICHIGAN  
DEPARTMENT OF ENERGY, LABOR & ECONOMIC GROWTH  
OFFICE OF FINANCIAL AND INSURANCE REGULATION

Before the Commissioner of Financial and Insurance Regulation

In the Matter of:

Keith Epstein,

Enforcement Case No. 09-7165

CRD No.: 1422407

Respondent.

---

CONSENT ORDER AND STIPULATION

I.

FINDINGS OF FACT AND CONCLUSIONS OF LAW

The Office of Financial and Insurance Regulation ("OFIR") and Keith Epstein ("Respondent") agree that the following is true and correct:

1. On October 7, 2009, the Chief Deputy Commissioner for OFIR issued an Order to Cease and Desist against the Respondent alleging multiple violations of the Michigan Uniform Securities Act ("MUSA"), 1964 PA 265, MCL 451.501, *et. seq.* In the same, Respondent was notified of an opportunity to request a hearing to determine the validity of the allegations.
2. Respondent is a resident of Farmington Hills, Michigan. From August 1991 through May 2007 he was employed with Mutual Service Corporation ("MSC"). He was registered with OFIR from June 5, 1999 to May 4, 2007, as being a securities agent associated with MSC, a broker-dealer firm that is also registered with OFIR.
3. While Respondent was employed as an agent with MSC, the Respondent borrowed money from a customer.
4. More specifically, Respondent received \$124,000 in checks from an MSC customer which he deposited into multiple accounts that he controlled for his own personal use and benefit.
5. In response to OFIR's inquiry, Respondent admitted in a letter dated March 19, 2009, that he borrowed money from a customer. Additionally, on or about September 3, 2008,

the Respondent entered into a settlement agreement with the customer's estate that provided for repayment of the \$124,000 plus interest and attorney's fees.

6. Section 204(a)(1)(W) of the MUSA, MCL 451.604(a)(1)(W), prohibits an individual who, while registered as an agent, from borrowing money from a customer.
7. As a registered representative, the Respondent either knew or should have known that borrowing funds from a customer violates Section 204(a)(1)(W) of the Michigan Uniform Securities Act, MCL 451.604(a)(1)(W).
8. The Respondent violated Section 204(a)(1)(W) when he borrowed \$124,000 from a MSC customer while registered as a representative with MSC.
9. Based upon the above actions, Respondent has committed acts that are grounds for the Commissioner to order payment of a civil fine, revocation of Respondent's registration and denial of any exemptions he may rely on pursuant to the MUSA.

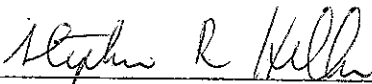
#### B. ORDER

Based on the findings of fact and conclusions of law above and Respondent's stipulation, it is **ORDERED** that:

1. Respondent shall immediately **CEASE AND DESIST** from operating in such a manner as to violate Section 204(a)(1)(W) of the Act, MCL 451.604(a)(1)(W).
2. Respondent Keith Epstein's, securities agent registration and authority in the State of Michigan are hereby **SUMMARILY DENIED AND REVOKED**.
3. Respondent Keith Epstein shall **PAY** to the State of Michigan a civil fine of \$1,000.00 (one thousand dollars). Upon execution of this Order, OFIR will send Respondent an Invoice for the civil fine that will be due within 30 days of issuance of the Invoice.

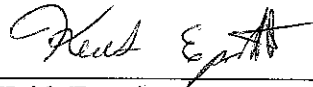
OFFICE OF FINANCIAL AND  
INSURANCE REGULATION

Dated: 4/1/10

  
\_\_\_\_\_  
Stephen R. Hilker  
Chief Deputy Commissioner

### C. STIPULATION

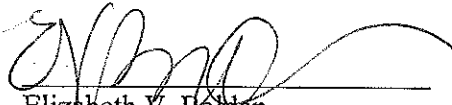
I have read and understand the Consent Order above. I agree that the Commissioner has jurisdiction and authority to issue this Consent Order pursuant to the Michigan Uniform Securities Act. I waive the right to a hearing in this matter if this Consent Order is issued. I understand that this Stipulation and Consent Order will be presented to the Commissioner for approval and the Commissioner may or may not issue this Consent Order. I waive any objection to the Commissioner deciding this case following a hearing in the event the Consent Order is not approved. I admit the facts set forth in the above Consent Order and agree to the entry of this order.



Keith Epstein  
CRD # 1422407

Dated: 3-23-2010

The OFIR staff approves this stipulation and recommends that the Commissioner issue the above Consent Order.



Elizabeth V. Bolden  
OFIR Staff Attorney

Dated: 4/11/2010